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Current Economic Developments in New Mexico

Much of the recent economic data provides evidence of a slowdown in national economic activity during the second quarter of this year. The continued high level of interest rates appears to have dampened consumer spending in recent months, particularly with respect to durable goods which require long-term financing. For example, automobile purchases substantially declined in the second quarter, following the strong 12 percent increase registered during the first three months of the year. In addition, housing activity continues to be affected negatively by the high cost and restricted availability of mortgage money. Housing starts declined 14 percent in May, resulting in an average annual rate of 1.152 million units compared to an average annual rate of 1.391 million units recorded in the first quarter of the year.

Indications of a recent decline in economic activity are also evident in the national labor market and income statistics. Although the number of jobs on nonfarm payrolls remained unchanged from April to May, the national unemployment rate increased to 7.6 percent in May after having stood at 7.3 percent during the previous two months. The 0.6 percent increase registered in personal income in both April and May represented the weakest growth in income since June, 1980 during last year's recession.

On the positive side, the inflation rate appears to have moderated in recent months, moving at least temporarily out of the double-digit range of the past two years. The general improvement in the inflation rate is primarily attributable to the moderation of energy prices associated with the current excess of world oil supply and to the stable patterns of food prices experienced in recent months.

The latest aggregated data for the New Mexico economy indicate that, like the nation, economic activity softened somewhat in May. The state's civilian labor force declined a seasonally adjusted (SA) 1.0 percent from April to May, while total employment registered a slightly smaller drop of 0.8 percent (SA). Despite these declines, year-to-year comparisons show the labor force to be 2.0 percent greater than the level recorded in May 1980, while total employment in May stood 1.9 percent above the May, 1980 figure. The unemployment rate fell from 7.6 percent (SA) in April to 7.5 percent (SA) in May despite the drop in total employment. This occurred as a result of the decline in the labor force which exceeded the drop in total employment.

Figures for the various economic sectors in the state contain mixed results. Employment in the manufacturing sector fell 0.6 percent (SA) from April to May and resulted in a yearly decline of 5.5 percent. In contrast, transportation, communication and utilities employment registered a monthly increase in May of 0.7 percent. On an annual basis, employment in this sector stood 3.9 percent above the total recorded in May, 1980. Employment in wholesale and retail trade showed no monthly change in May, while a yearly comparison in the trade sector also indicates little change in employment. A monthly drop in employment was also registered in the service sector where the number of jobs fell 0.5 percent (SA) in May; however, the May figure still represents a 2.2 percent increase compared to the same month in 1980.

With respect to the state's large public sector, May data show federal government employment to have increased 2.2 percent above the previous month's total. Compared to one year earlier, however, federal employment in May declined 2.3 percent. This is explained by the significant number of temporary federal workers hired during the same period last year in order to conduct the 1980 census. The April to May decline of 2.3 percent in state government employment is attributable to the typical May decline in educational institution jobs associated with the end of the school year. Compared to May, 1980, state employment registered an increase of 3.3 percent. At the local government level, virtually no monthly change was recorded in May, while an annual comparison shows a slight decline of 0.7 percent.

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ECONOMIC INDICATORS

	Quarterly Averages			
	1980			1981
	Second Quarter	Third Quarter	Fourth Quarter	First Quarter
1. GENERAL				
Civilian Labor Force[1] (000)	544.4	548.8	543.4	540.7
Seasonally Adjusted*	542.2	540.4	541.3	554.3
Total Employment[1] (000)	504.6	507.7	502.3	495.5
Seasonally Adjusted*	502.5	498.4	499.3	510.6
Unemployment[1] (000)	39.8	41.1	41.1	45.2
Seasonally Adjusted*	39.7	42.0	42.0	43.6
Unemployment Rate (%)	7.3	7.5	7.6	8.4
Seasonally Adjusted*	7.3	7.8	7.8	7.9
Weekly New Unemployment Insurance Claims	1,628.0	1,564.7	1,603.7	1,663.0
Seasonally Adjusted*	1,729.3	1,706.7	1,578.3	1,491.9
Nonagricultural Wage/Salary Employment[2] (000)	465.2	462.9	462.0	459.0
Seasonally Adjusted*	462.9	458.4	460.5	467.9
New Business Incorporations	197.3	212.3	199.0	na
Business Failure Liabilities ($000)	921.7	746.7	722.0	na
2. AGRICULTURAL RECEIPTS				
From Livestock and Products ($ mil.)	60.7	42.8	122.9	na
Seasonally Adjusted*	86.4	67.8	60.2	na
From Crops ($ mil.)	14.2	19.9	45.4	na
Seasonally Adjusted*	23.6	23.3	24.2	na
3. MINING PRODUCTION				
Petroleum (000 bbls.)	6,242.1	6,074.4	6,195.3	5,994.4
Natural Gas (bil. cu. ft.)	92.2	89.7	95.7	96.8
Seasonally Adjusted*	93.2	92.3	93.1	95.8
Copper Ore (000 tons)	16.6	11.5	12.9	13.6
Coal Production (000 short tons)	1,270.7	1,072.0	1,201.0	1,234.0
4. CONSTRUCTION				
Residential Building Permits ($ mil.)	13.7	23.7	14.5	14.6
Seasonally Adjusted*	13.1	22.0	17.0	14.6
Residential Construction Contracts ($ mil.)	23.7	43.8	38.9	27.1
Seasonally Adjusted*	23.6	40.1	43.4	27.3
Nonresidential Construction Contracts ($ mil.)	22.8	45.9	40.2	36.7
Nonbuilding Construction Contracts ($ mil.)	9.5	29.7	30.5	21.6
5. MANUFACTURING				
Employment[2] (000)	34.4	34.0	34.0	33.1
Seasonally Adjusted*	34.6	33.7	33.6	33.7
Average Weekly Hours	39.4	39.7	40.4	39.7
Seasonally Adjusted*	39.6	40.0	40.0	39.6

ECONOMIC INDICATORS (continued)

1981			Percentage Change						
March	April	May	II 1979-II 1980	III 1979-III 1980	IV 1979-IV 1980	I 1980-I 1981	March 1980-March 1981	April 1980-April 1981	May 1980-May 1981
548.5	552.2	556.6	1.5	0.6	- 0.4	1.8	2.3	2.9	2.0
558.9	561.1	555.6	1.5	0.7	- 0.3	1.7	2.3	2.9	2.1
502.8	511.5	517.1	0.6	- 0.7	- 1.5	0.4	0.8	2.5	1.9
513.1	518.2	514.0	0.7	- 0.6	- 1.4	0.4	0.8	2.5	2.0
45.7	40.7	39.5	14.1	20.3	14.7	18.9	22.2	8.8	3.7
45.8	42.9	41.6	14.2	20.3	14.8	19.1	22.6	8.8	3.6
8.3	7.4	7.1	12.8	19.1	15.9	16.8	18.6	5.7	1.4
8.2	7.6	7.5	12.4	19.4	15.1	17.1	19.8	5.7	1.4
1,528.0	1,254.0	1,157.0	39.0	40.5	17.7	9.1	12.5	-28.3	-15.5
1,697.8	1,310.3	1,377.4	38.0	40.6	17.8	9.4	12.6	-28.4	-15.6
461.7	465.6	469.3	0.8	- 0.8	- 1.5	0.0	- 0.4	0.6	0.5
466.8	467.9	466.0	0.9	- 0.8	- 1.5	0.0	- 0.4	0.6	0.5
na	na	na	-18.0	-12.7	-33.2	na	na	na	na
na	na	na	NA	NA	-58.1	na	na	na	na
na	na	na	25.4	-12.9	- 9.9	na	na	na	na
na	na	na	29.4	- 7.9	-12.3	na	na	na	na
na	na	na	33.7	17.2	13.0	na	na	na	na
na	na	na	37.9	18.4	11.9	na	na	na	na
6,104.6	5,901.8	na	- 5.1	- 8.8	- 8.4	- 7.6	- 7.0	- 6.3	na
96.6	90.7	na	- 3.4	- 5.3	- 3.8	- 0.4	- 1.3	- 4.2	na
94.0	89.8	na	- 3.4	- 5.3	- 3.9	- 0.4	- 1.7	- 4.2	na
13.4	15.0	na	- 0.2	-27.3	-14.1	- 2.8	-11.1	-11.4	na
1,312.0	1,346.0	1,030.0	31.7	13.6	24.6	- 0.1	7.9	16.2	-26.7
16.7	17.8	11.9	-54.4	- 7.6	6.0	15.9	71.4	68.6	-21.3
13.0	17.6	11.2	-54.2	- 8.5	6.4	11.4	71.8	68.5	-21.2
32.4	38.9	28.0	-51.7	2.9	13.8	-10.8	42.4	103.0	26.0
26.6	39.5	28.4	-51.3	1.6	16.5	-14.2	42.4	103.8	27.1
67.9	40.5	31.3	-12.6	64.3	11.4	64.3	185.3	99.4	17.3
25.7	27.6	19.4	-42.5	12.5	80.0	54.3	21.5	213.6	64.8
32.8	32.6	32.5	- 0.7	- 3.7	- 4.1	- 4.3	- 5.5	- 5.5	- 5.5
33.2	32.9	32.7	- 0.7	- 3.6	- 4.1	- 4.3	- 5.5	- 5.5	- 5.5
39.9	39.9	40.9	- 0.2	1.2	1.3	- 0.4	0.3	1.8	2.5
39.5	40.2	40.8	- 0.2	1.3	1.3	- 0.5	0.2	1.8	2.5